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# TIME

THE WEEKLY NEWSMAGAZINE

## NATIONAL AFFAIRS

### THE NATION

#### New Signals on Peking

The President of the U.S. hosted the signals for a reappraisal of one of the fundamental policies of his Administration: the longstanding U.S. quarantine of Communist China. Last week, reflecting his own personal convictions, mounting pressure from such trade-strapped allies as Britain and Japan and the pleas of businessmen of U.S. business, he made clear that he believes that present tough trade restrictions on Peking are not realistic for the long pull.

He said as much at his weekly news conference in reply to a double-barreled question about the durability of U.S. relations with the Chinese Nationalists in Formosa and to the possibility of increasing U.S. Red China trade. The President's answer was a result of the tangled web of this moment, and similar to I. K. Brown, one has suggested the change. As for trade with Peking, the change against it is a matter of "yes" and "no" but as that law is on the books, of course that is that. \* Correspondents quickly noted that he did not exclude reconsideration of the U.S. embargo. Declared Ike:

"The President's policy is the result of the fact that we could not afford to ally with the Chinese Nationalists. Trading with the Chinese Nationalists, President Truman invoked after declaring a state of national emergency when Communist China entered the Korean war. The President at his own discretion can remove the embargo law or its validity, status simply by declaring the national emergency is ended."

after briefly summarizing the arguments for and against relaxation. "Frankly, I am of the school that believes that trade in the long run cannot be stopped. You are going to have either authorized trade or clandestine trade."

**The Important Front.** The President's remarks were anything but spur-of-the-moment observations. To begin with, he had been surprised that both Congress and the press had taken the unilateral brush decision to resume unrestricted trade with Peking (Time, June 10) with such equanimity. Since he is personally more or less in sympathy with the British position that the European front is the really important one in the cold war, he viewed it as reasonable that trade restrictions on Red China, growing out of the Korean war, need no longer be tougher than restrictions on Russia. Still, the White House staffer, "Let's face it," behind the President's remarks, is his very own thinking that it is idle to attempt to definitely arrest the flow of water down a hill. Every day must have its water.

The President's remarks gave an ominous boost to some of his advisers who believe that the U.S. should join in Red China trade. Leader of the pro-trade forces is Chicago Industrialist Clarence Randall, chairman of the Council on Foreign Economic Policy. Among his most potent arguments, as Ike summarized it at his press conference: "Trade in itself is the greatest weapon in the hands of a diplomat." Ike's chief economic adviser, Gabriel Hauge, sympathizes with the Randall view. There are also followers of this line of reasoning as does the Secretary of State,

himself, e.g., Under Secretary of State Christian Herter and Deputy Under Secretary Douglas Dillon, accepted at least in theory. CIA Director Allen Dulles, brother of the Secretary of State, is also in favor. Among Allen Dulles' reasons, even a trickle of U.S. Red China trade would give his agents great intelligence opportunities in Peking.

**The Important Risk.** Dead set on the other side of the argument—and against any internationalized China policy—are the President's closest foreign policy advisers, Secretary of State John Foster Dulles and Walter Robertson, Dulles' Assistant Secretary for Far Eastern Affairs. Together with Defense Secretary Wilton B. Parsons, the four chiefs of staff are more vehemently for the current official position that the U.S. is, Robertson crisply puts it, "not take any action which would count as a national prestige loss to the Peking regime."

Whatever the validity of these conflicting positions, the President last week clearly took his stand with those who believe that a limited resumption of Red China trade is inevitable, certainly, for Japan and Britain, to say nothing of other trading nations. He did so in a considerable risk of weakening an important U.S. position in much of Asia, such a move would be regarded as a first step toward the eventual reversal of Washington's tough China policy—a step which the Peking-style China Lobby will do its best to press into diplomatic recognition of the Peking regime's seating in the United Nations and the consequent downgrading of the Chiang Kai shek government.



RANDALL



HAUGE



ROBERTSON



DULLES